Weekly Economic Review

Strong economic growth in 2014 for Alberta

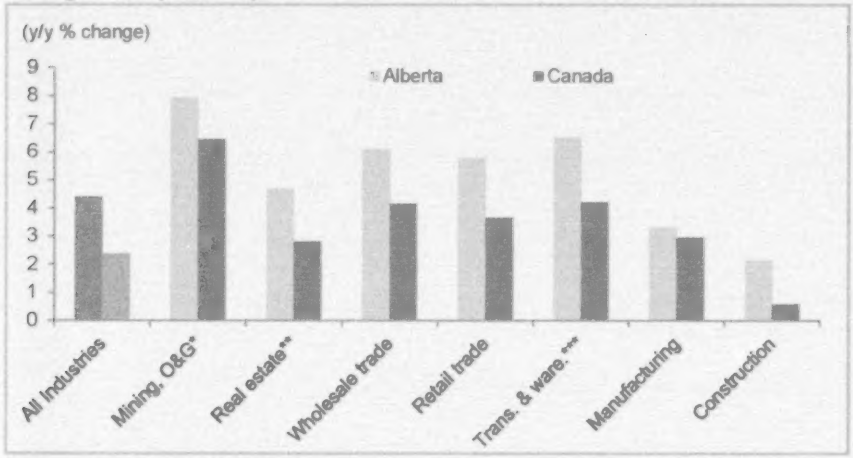
Real GDP by Industry

Alberta posts strongest growth among provinces in 2014

Real gross domestic product (GDP) by industry in Alberta grew 4.4% in 2014 (Chart 1), the highest among the provinces and well above the national average (2.4%). This marked the fifth consecutive year that Alberta posted an annual growth rate over 4%. Overall, Alberta posted broad-based gains, placing among the top three provinces in 16 out of 20 major industry categories. Real GDP was buoyed by the mining, quarrying, and oil and gas extraction industry, which increased by an impressive 7.9%. Other notable contributors include real estate and rental and leasing (+4.7%), wholesale trade (+6.1%), retail trade (5.8%) and transportation and warehousing (+6.5%). Unable to surpass the bumper crop of 2013, output from agriculture, forestry, fishing and hunting fell by 7.8%.

Chart 1: Alberta posts broad-based growth across industries in 2014

GDP growth by Industry



Source: Statistics Canada

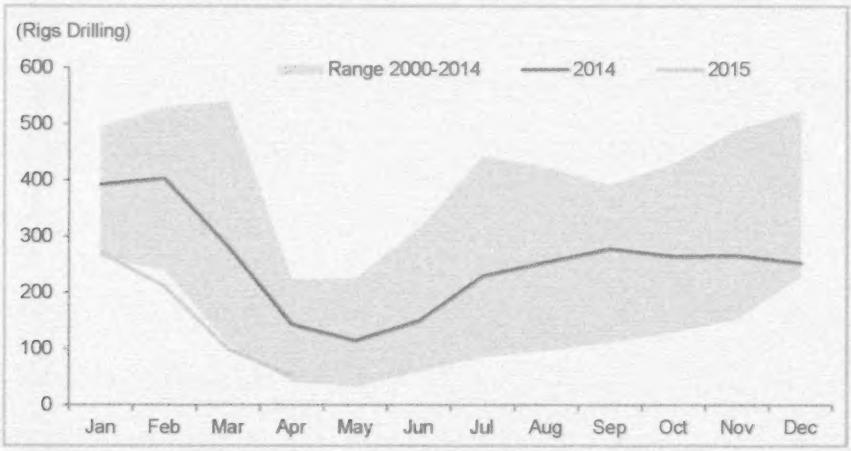
* Mining, quarrying, and oil and gas extraction

** Real estate and rental and leasing

*** Transportation and warehousing

Chart 2: Rig activity trends lower

The number of Rigs drilling in Alberta



Source: Canadian Association of Oilwell Drilling Contractors (CAODC)

Drilling Activity

Rigs and meters drilled fall

There were 51 rigs drilling in Alberta in April, 64% lower than April 2014. This was the lowest rig count for the month since 2009, continuing the downward trend of rig activity (Chart 2). Of total rigs available, only 10% were drilling. North American rig counts are also down significantly, with 58% less rigs drilling in Canada and 47% less in the United States in April.

The February meters drilled statistics showed a drastic decline. There were 925,000 meters drilled in the month, down 46% from last year. This is the largest annual decrease since June 2009. Meters drilled for both conventional oil and bitumen fell significantly (73%) while natural gas meters continued to grow, increasing 12% from last year.

Railcar loadings

Rail traffic jumps

The number of railcars moving from Western Canada jumped by 9.7%

year-over-year (y/y) in February. The growth mainly came from increased shipments of wheat (21%) and potash (31%). Shipments also grew significantly for fertilizer (23%), sulphur (28%), and animal feed and products (37%). Crude oil shipments continued to grow (5%) in February, but fell well below the average growth rate of 36% y/y in 2014.

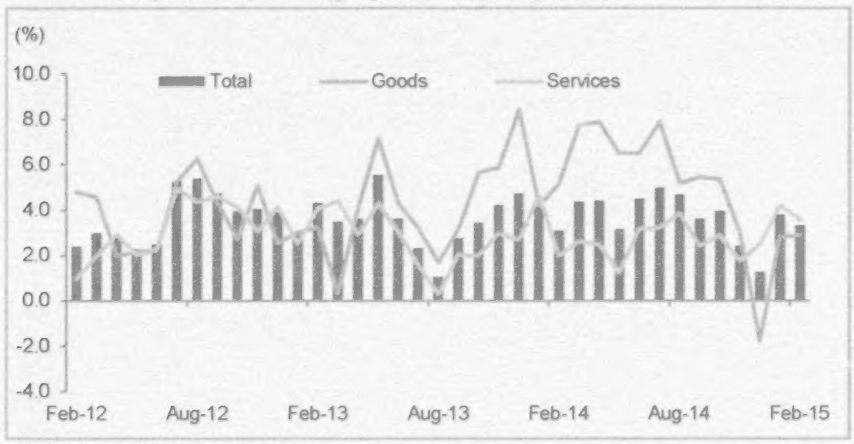
Average Weekly Earnings

Strong service sector earnings

In February, Alberta Average Weekly Earnings (AWE) dropped slightly to $1,167, but remained 3.3% higher than the same month last year. Service sector earnings grew by 3.6% (y/y) to $1,010, outpacing goods sector earnings growth (+2.9% y/y), which reached $1,658 (Chart 3). The service sector was led by finance and insurance, transportation and warehousing, and wholesale trade. Earnings growth in the mining, oil and gas sector jumped in February, interrupting the slowing year-over-year growth from previous months.

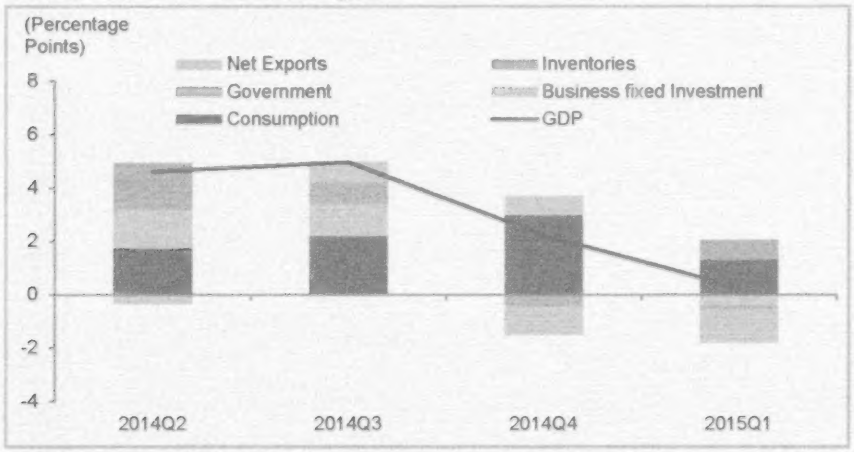
Nationally, AWE was up slightly to $951 in February, an increase of 2.7% over February 2014. Newfoundland and New Brunswick had the highest year-over-year increases.

Chart 3: Service sector leads earnings growth
Alberta Average Weekly Earnings (year-over-year growth)



Source: Statistics Canada

Chart 4: US growth stalls in the first quarter
Contributions to US Real GDP growth



Source: Bureau of Economic Analysis

Canadian Economy

Growth holds steady in February

Canadian GDP by Industry was flat in February. A 2.3% surge from output in the utilities sector, due to cold weather, and increases in retail trade, finance and insurance and the public sector helped to off-set declines in manufacturing (-0.8%), conventional oil and gas extraction (-1.3%) and a large decline in support activities for mining oil and gas extraction (-15.4%).

US Economy

Growth stalls in the first quarter

US GDP growth posted a marginal increase of 0.2% (annualized) in the first quarter of 2015, much lower than the 2.2% in the fourth quarter of 2014. The weak growth was mainly the result of bad weather and the west coast port strike that negatively impacted exports. Government spending and business investment also declined while inventories and personal consumption were the major contributors to first quarter growth (Chart 4).

Contact

Mark Walker 780.415.0825

Please see the *Alberta Economy - Indicators at a Glance* for a snapshot of Alberta indicators.